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Casey says the CIA won't spy in the U.S.

By THOMAS S. MULLIGAN
Journal-Bulletin Staff Writer

PROVIDENCE — CIA director William J. Casey told a crowd of 1,000 at Brown University last night that despite President Reagan's recent move to relax restrictions on the agency's domestic activities, it will do "no spying" in the United States.

But Casey said he favors exempting the CIA from the Freedom of Information Act because it is "impossible to effectively command the cooperation of other governments" and of people offering secrets if they feel their identities or information are "subject to demand by any hostile power."

(The Reagan administration asked Congress yesterday to modify the act to protect trade secrets, criminal investigations and other information. Administration officials said they plan to submit a separate bill specifically exempting intelligence agencies.)

Alumnae Hall on Meeting Street was filled for Casey's speech.

A former chairman of the Securities and Exchange Commission who ran President Reagan's primary and election campaigns last year, Casey was the second of 12 speakers in a Brown lecture series sponsored by the John M. Olin Foundation of New York City. Adm. Stansfield Turner, CIA director under President Carter, opened the series on Oct. 1.

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ABOUT 25 PROTESTERS interrupted Casey's remarks for three minutes when they rose from their seats and loudly recited Lewis Carroll's poem "Jabberwocky." Some people cheered the protesters, others booed them, and a few pelted them with wads of paper.

Outside the hall, other protesters

— one wearing a Richard Nixon mask — handed out leaflets objecting to Casey's presence and to the source of financing for the lecture series. John M. Olin, the leaflets said, was founder of the Olin-Mathieson Chemical Corp., which produced gunpowder for "more than 90 percent of the cartridges used in Vietnam."

During a question-and-answer session that followed Casey's speech, several questioners asked whether the CIA intended to resume the type of domestic surveillance that was undertaken during the Nixon administration.

"The CIA has no intention and no desire to operate within the United States," Casey said, adding that newspaper articles implying otherwise have been "way out of focus."

"THERE WILL BE no spying or activity on behalf of the CIA in the United States — that is solely the function of the FBI," Casey said, prompting a round of sarcastic applause.

Casey, in a brief history of American intelligence operations, said their main function from the 1940s through 1960s was to evaluate the weaponry of opposing powers. In the last decade, however, intelligence officials have concluded that the United States has been hurt more by foreign political coups, "economic aggression" and "tiny wars of so-called national liberation" than by the Soviet weapons buildup.

Technical and economic intelligence needs to be improved, Casey said, in order for the United States to evaluate how its defense may be undermined by strong competition from Japan, West Germany, Brazil, Korea and other countries in such industries as automobile and semiconductor manufacturing.

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